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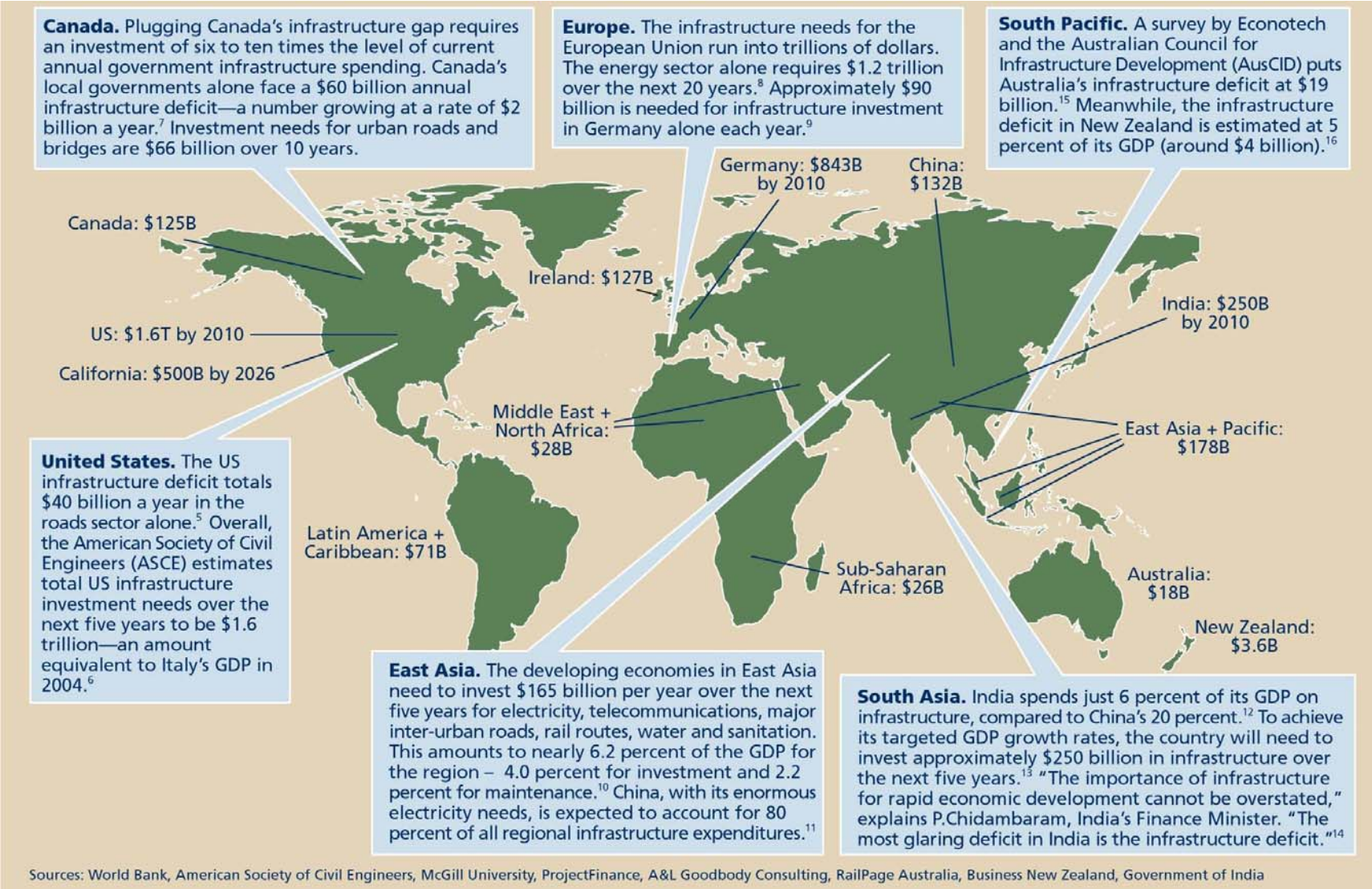
Public Private Partnerships

Thomas Northoff, EMEA Public Sector leader

28 February 2008

Audit . Tax . Consulting . Financial Advisory.

Global trends
The infrastructure gap



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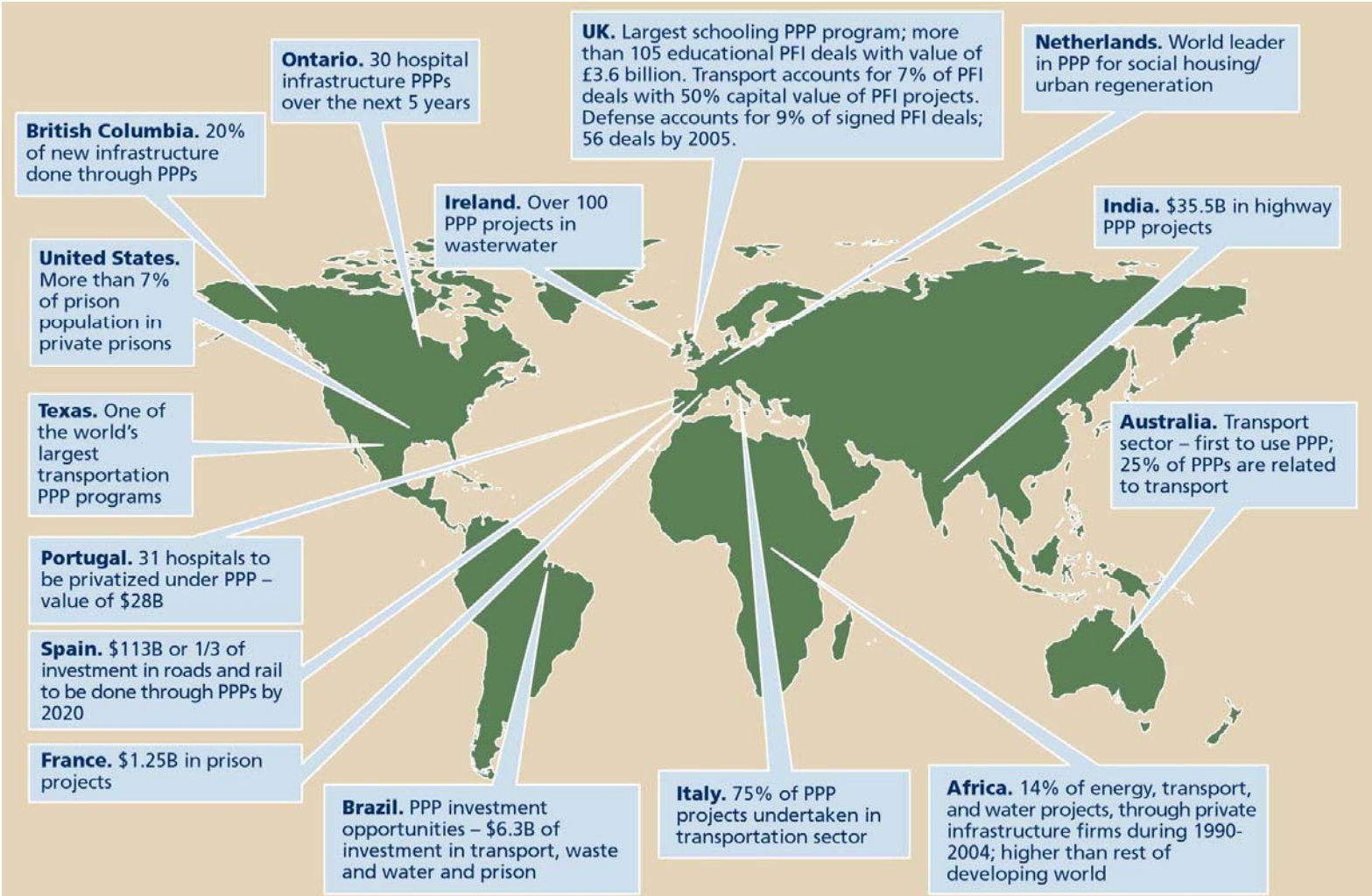
Global trends
PPP activity



Sources: Australia National Public Private Partnership Forum, HM Treasury, e-Privatization.com, Projects Today, Public-Private Infrastructure Advisory Facility, EuroMoney, Infrastructure Journal, Deloitte Research.

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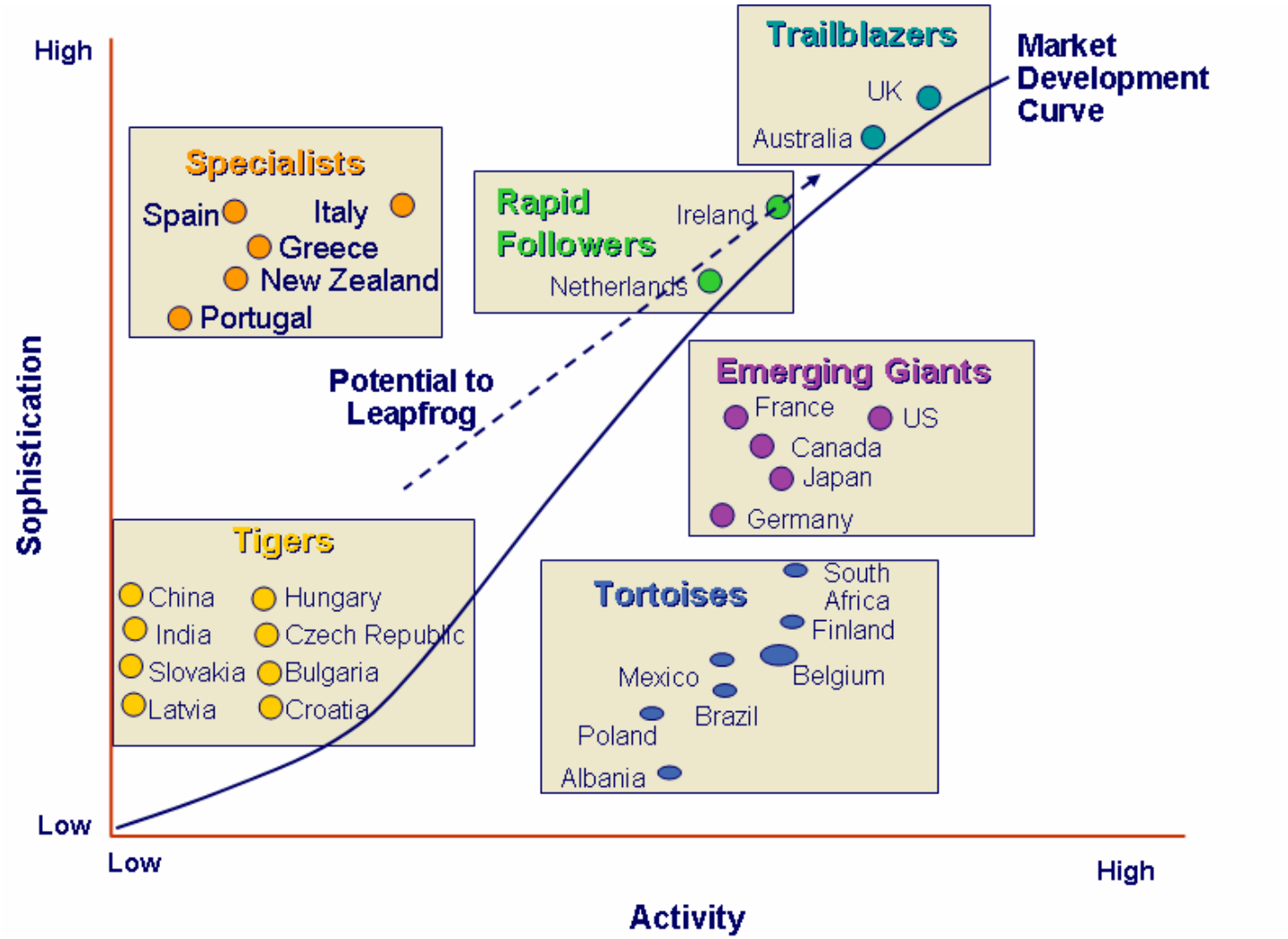
Global trends
PPP maturity curve



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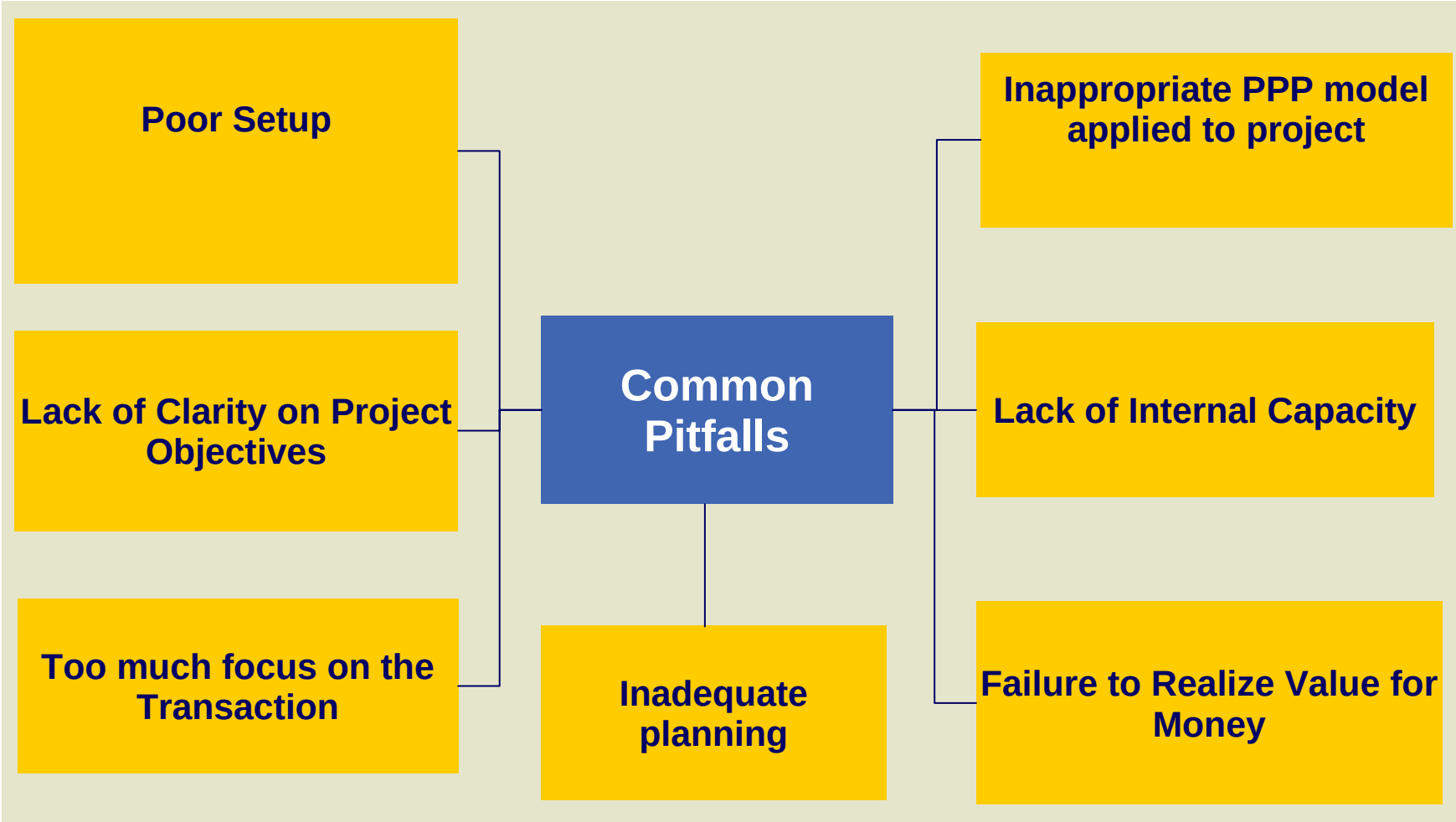
Moving up the maturity curve
Common pitfalls to avoid



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Moving up the maturity curve
PPP lifecycle model

Activities for Infrastructure Delivery

PLANNING PHASE	TRANSACTION PHASE	CONCESSION PHASE
1. Condition of infrastructure fiscal situation 2. Legislation / regulation 3. Leadership: political, public service and project management 4. Planning: environmental assessments and project opportunities 5. Business Case Development 6. Communications: internal and external 7. Implementation Plan	1. Transaction process 2. Request for Qualification 3. Market sounding 4. Risk Transfer and Value for Money 5. Payment mechanisms & establish Performance Standards 6. Draft Request for Proposal and legal contract 7. Finalize Request for Proposal and legal contract 8. Bidder selection and negotiations 9. Financial close	1. Transition to constructor (e.g., design / build) 2. Construction 3. Facility operation and maintenance (contract and relationship management) 4. Asset hand back

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The PPP marketplace
Opportunities and challenges

Sector	Leading Practitioners	Main PPP Models Employed	Challenges
Transport	Australia, Canada, France, Greece, Ireland, Italy, New Zealand, Spain, UK, US	DBOM, BOOT, Divestiture	• Demand uncertainty • Supply market constraints • Opposition to tolls • Transporation network impacts • Competing facilities
Water, wastewater, and waste	Australia, France, Ireland, UK, US, Canada	DB, DBO, BOOT, Divestiture	• Upgrading costs and flexibility • Uncertainty about technology and need for innovation • High procurement costs for small-scale projects • Political sensitivity around privatization concerns
Education	Australia,Netherlands, UK, Ireland	DB, DBO, DBOM, BOOT, DBFO/M, integrator	• High cost due to uncertainty about alternative revenue streams • High procurement costs for small projects • Uncertainty about future demographic or policy changes
Housing/urban regeneration	Netherlands, UK, Ireland	DBFM, joint venture	• Refurbishment costs and flexibility • Uncertainty about future demand and revenue steams • Joint delivery

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The PPP marketplace
Opportunities and challenges

Hospitals	Australia, Canada, Portugal, South Africa, UK	BOO, BOOT, integrator	• Uncertainty about future public health care needs • High transaction costs in small-scale projects • Political sensitivity around privatization concerns
Defense	Australia, Germany, UK, US	DBOM, BOO, BOOT, alliance, joint venture	• Uncertainty about future defense needs • Rate of technological change • High upfront costs in small-scale projects • Securing value for money in noncompetitive situations
Prisons	Australia, France, Germany, UK, US	DB, DBO, BOO, management contract	• Political sensitivity • Public purpose issues • Specifying outcomes

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The PPP marketplace
Opportunities and challenges

- Impact of current financial markets
  - 2008 Outlook
  - Impact on PPP/project financing
- Infrastructure funds becoming more active

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